

Between Singapore and Heathtopia

By Mark Lutter *The Conversation* October 31, 2015

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Edward Stringham responds to Powell and me and clarifies what he means by state, arguing that a privately owned sovereign city is not a state. He writes, “Even more, I like Rothbard’s slightly amended version [of Max Weber’s definition of the state] where [Rothbard] says states also rely on taxation and ‘arrogate to themselves a compulsory monopoly of police or judicial protection.’ To me the key is that the government arrogates a monopoly of law, not that an entity is a monopoly. Even if one provider in a region exists, as long as people voluntarily choose it and it does not rely on taxation, that entity is fundamentally different from a state.”

I remain convinced that a privately owned sovereign city – we’ll call it [Heathtopia](#), should be considered a state. Heathtopia would have a territorial monopoly of force, satisfying the Weberian definition of a state. Stringham lists three additional qualities that he holds to be necessary in a state, namely arrogating a monopoly of law, the lack of voluntary choice, and reliance on taxation. Yet Heathtopia would have functional equivalents of all three qualities.

If someone wants to enter my house, I can ask them to remove their shoes. If they do not remove their shoes, I can refuse entry to my house. Similarly, in Heathtopia, they can have a system of rules compliance with which are required for living there. At a minimum, these rules would include prohibitions on physical violence. These rules would ultimately be enforced by the threat of agents of Heathtopia using physical violence. We can imagine a scenario where Heathtopia adopts the same rules as Singapore has, including prohibitions on drugs and spitting gum on the sidewalk. The rules of Heathtopia would be functionally equivalent to the laws of Singapore, whether or not you use the same descriptive words.

Taxation is the same. Heathtopia would need funding, they could raise it through property “fees,” which would be assessed by estimating the value of property then taking a percentage of that. Heathtopia could also raise revenue through income “fees,” requiring residents to pay a percentage of their income every year. If we assume Heathtopia also shares revenue generating mechanisms of Singapore, there would be functional equivalence between Singapore’s taxes and Heathtopia’s “fees.”

Stringham’s third qualifier, voluntary choice, is trickier to understand, and I think the heart of the matter. Let us continue with our analogy. Heathtopia is functionally the same as Singapore. It has the same rules and raises funds in the same way. The only difference is that Heathtopia is a publicly traded company whose stock price depends on their revenues and costs. Further, imagine that Heathtopia was founded in 1963.

Now compare two children, one born in Heathtopia and one born in Singapore. Would the child born in Heathtopia voluntarily choose to live there any more than the child born in Singapore? Both would live under identical “laws” and identical “taxes.” Both would face approximately the same cost of leaving. The primary differences would be political, in that the Singaporean could vote and participate in Singapore’s political system. The Heathtopian could buy shares and go to board meetings to influence governance in Heathtopia.

My point is that territorial governance is categorically different from non-territorial governance. Leaving non-territorial club goods simply returns me to a default position of not having any club goods. I can quit a soccer club or the New York Stock Exchange, and I am simply no longer a part of those organizations. Exit is zero cost for non-territorial governance. Leaving territorial governance, no matter the organizational form, is costly because it requires moving to a new living space.

Because of this I would consider Heathtopia a state. Third-generation residents “choose” to live in Heathtopia to the same extent third-generation Singaporeans “choose” to live in Singapore. The only difference is the organizational structure of the monopoly of force. Statehood has traditionally been only concerned with whether there exists a monopoly of force, not the decision making arrangements governing it. I see little reason to alter the definition now.